

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 PM-03 NSC-05 SP-02 SS-15 PRS-01

INR-07 SR-02 ORM-01 IO-10 SAB-01 EB-07 FTC-01 JUSE-00

AID-05 CIAE-00 COME-00 FRB-03 NSAE-00 TRSE-00 XMB-02

OPIC-03 CIEP-01 LAB-04 SIL-01 OMB-01 STR-01 CEA-01

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FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC PRIORITY 2396

C O N F I D E N T I A L SANTIAGO 1373

EO 11652: GDS

TAGS: PFOR, XM

SUBJ: REACTION TO SECRETARY'S HOUSTON SPEECH

FOR ASSISTANT SECRETARY ROGERS

1. DECLARATION OF OFFICIAL MOURNING THIS WEEK AS RESULT OF DEATH OF DEFENSE MINISTER BONILLA, AND ATTENDANT CEREMONIES, MAKES IT DIFFICULT TO OBTAIN CONSIDERED REACTION TO SECRETARY'S SPEECH FROM HIGH-LEVEL GOC OFFICIALS PRIOR TO YOUR DEPARTURE FROM WASHINGTON. NEVERTHELESS, SINCE POINTS MADE IN THE SPEECH WILL CERTAINLY COME UP FOR DISCUSSION WHILE YOU ARE HERE, I THOUGHT IT WOULD BE USEFUL TO GIVE YOU OUR ESTIMATE OF GOC REACTION.

2. HEMISPHERE RELATIONS. IN GENERAL, GOC WILL BE WELL DISPOSED TOWARD CONCILIATORY, COOPERATIVE US APPROACH, THE MORE SO SINCE CHILEANS REGARD CLOSE RELATIONS WITH USG AS A PRIMARY ELEMENT IN GOC SECURITY. ACCORDINGLY, CONFRONTATION TACTICS MAKE CHILEANS UNCOMFORTABLE. GOC CANNOT HOWEVER AFFORD TO ALIENATE LATIN AMERICAN STATES, ESPECIALLY ITS SOUTHERN CONE NEIGHBORS; IT WILL NOT THEREFORE
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RESIST THE MAINSTREAM OF LATIN AMERICAN CRITICISM OF

USG. BUT CHILEANS WILL REMAIN IN BACKGROUND, REASSURING
US PRIVATELY OF THEIR UNDERSTANDING.

3. PANAMA CANAL. FOR ECONOMIC REASONS CHILE IS GREATLY
INTERESTED IN RELIABLE TRANSIT AT REASONABLE RATES.
WHILE CONCEPTUALLY IT MUST GO ALONG WITH LATIN AMERICAN
DISSATISFACTION OVER WHAT IS CONSIDERED OUTMODED US
CONTROL, CHILE PROFOUNDLY HOPES A US-PANAMA TREATY CAN
BE SUCCESSFULLY CONCLUDED.

4. CUBA. ALONG WITH THE USSR, CASTRO CUBA IS ANATHEMA
IN CHILE, AND GOC BELIEVES LATIN AMERICAN GOVERNMENTS
ARE PROFOUNDLY MISTAKEN IN LIFTING COLLECTIVE SANCTIONS.
AS INDICATED PARA 2 ABOVE, THEY WILL AVOID ISOLATION ON
THIS ISSUE, BUT THE SLOWER THE PROGRESS TOWARD REGULARIZATION
OF CUBA'S RELATIONS WITH THE HEMISPHERE, THE HAPPIER THEY
WILL BE.

5. PREFERENCE FOR LATIN AMERICA UNDER TRADE ACT. CHILEANS
APPRECIATE POTENTIAL IMPORTANCE OF NEW PREFERENCE SYSTEM,
THOUGH UNCERTAIN HOW MUCH THEY WILL BENEFIT FROM IT. THERE
IS A NAGGING WORRY THAT ACTIVITIES OF CIPEC (COPPER CARTEL)
MIGHT SOME DAY CAUSE THEM DIFFICULTIES IN THIS REGARD.

6. TRANSNATIONAL CORPORATIONS. RECOGNIZING ITS NEED FOR
INCREASED FOREIGN INVESTMENT, GOC WILL BE A FORCE FOR
MODERATION RE THIS PROBLEM. WE THINK CHILEANS WILL
VISCERALLY SHARE LATIN AMERICAN RELUCTANCE TO EMBRACE
AN INTERGOVERNMENTAL INVESTMENT DISPUTES SETTLEMENT
PROCEDURE.

7. ACCESS TO CAPITAL MARKETS, ESPECIALLY FOR INTER-
MEDIATE COUNTRIES. GOC WILL ENTHUSIASTICALLY SUPPORT
PROPOSED STUDY, AND WILL HOPE US CAN FIND WAYS TO BE
HELPFUL TO CHILE.

8. DIALOGUE ON COMMODITIES. FOCUSING ON COPPER, GOC
WILL WELCOME PROPOSALS FOR PRICE STABILIZATION AND SUPPORT.

9. FOOD. GOC WILL APPROVE PROPOSALS MADE IN SPEECH,
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HOPING TO INTEGRATE ITS OWN SUBSTANTIAL EFFORTS IN THIS
FIELD INTO BROADER HEMISPHERE ACTIVITIES. CHILEANS WILL
RECALL THAT THEY HAVE RECENTLY AGREED WITH ITT TO SET UP A
RESEARCH INSTITUTE CONCENTRATING HEAVILY ON NUTRITION.

10. COMMENT: AS FOREGOING INDICATES, CHILEANS WILL FIND
LITTLE IN SECRETARY'S SPEECH WITH WHICH TO TAKE ISSUE.
THEY MAY BE PLEASED WITH ABSENCE OF ANY POINTED REFERENCE

TO HUMAN RIGHTS MATTERS. IN THE HEMISPHERE DIALOGUE, GOC
WILL BE GENERALLY HELPFUL, THOUGH THE STRENGTH AND UTILITY
OF ITS ACTIVITIES IN UPCOMING MEETINGS WILL BE LIMITED BY
ITS PREOCCUPATION WITH ITS OWN PROBLEMS AND ITS SOMEWHAT
TARNISHED RESPECTABILITY AMONG CERTAIN LATIN AMERICAN
GOVERNMENTS.

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